

NEW ZEALAND ECONOMICS ANZ TRUCKOMETER

6 September 2016

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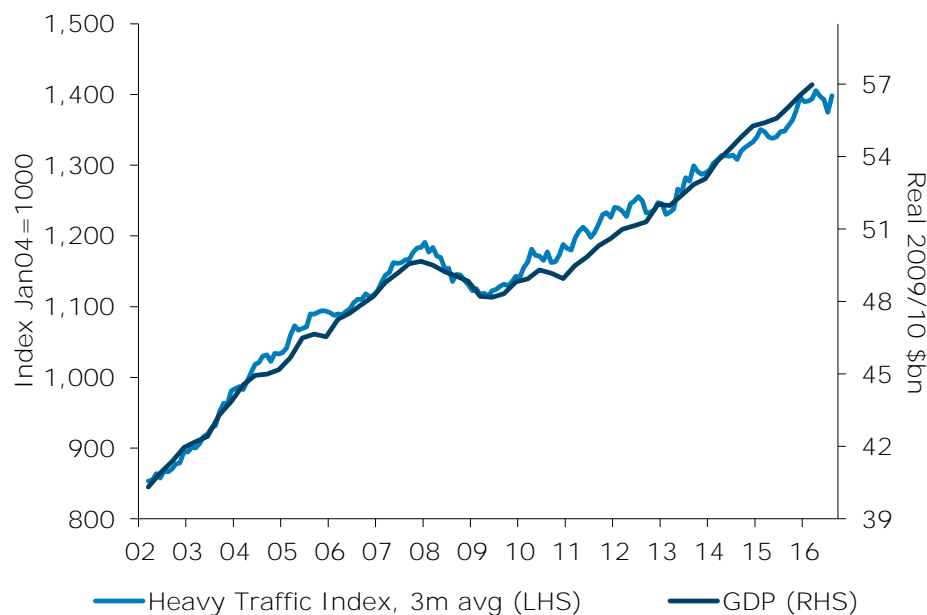
The next issue of the ANZ *Truckometer* is scheduled for release on 6 October 2016 at 10am.

BACK ON TRACK

KEY POINTS

- **A solid 6.7% bounce in the Heavy Traffic Index in August has put the upward trend in the ANZ Truckometer Heavy Traffic Index back on track.** The Light Traffic Index lifted 1%, remaining strong.
- **The bounce-back in the Heavy Traffic Index confirms that we were right not to read too much into the recent pothole.** The recent volatility in the index perhaps reflects the fact that parts of the economy, such as construction, are running full speed ahead, while others, such as agriculture, are more of a mixed bag.
- **Turning to the detail: the Heavy Traffic Index¹ rose 6.7% m/m (+1.7% m/m on a 3-month rolling average basis – levels charted below) in August. The Light Traffic Index², which broadly leads growth in the economy by six months, rose 1.0% m/m (+1.0% m/m, 3-month average).**

GDP AND THE ANZ HEAVY TRAFFIC INDEX 3-MONTH AVERAGE



Source: ANZ, NZ Transport Agency, Statistics NZ

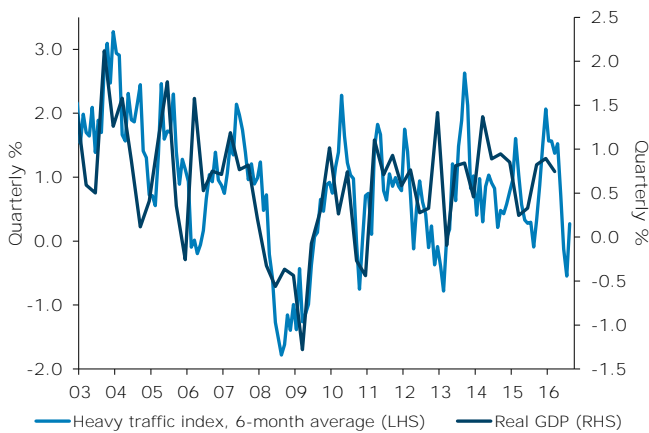
¹ **The ANZ Heavy Traffic Index** comprises flows of vehicles weighing more than 3.5 tonnes (primarily trucks) on 11 selected roads around NZ. It is contemporaneous with GDP growth. Because of monthly volatility we have started charting the 3-month average to make the signal clearer.

² **The ANZ Light Traffic Index** is made up of light or total traffic flows (primarily cars and vans) on 10 selected roads around the country. It gives a six month lead on GDP growth in normal circumstances.

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The ANZ Heavy Traffic Index is a timely, concurrent GDP indicator. It rose 6.7% in the month of August (seasonally adjusted – sa) after a 5.3% fall in July. The index suggests Q2 GDP growth was weaker than that seen in Q1 (other indicators, particularly those related to construction, disagree). Given the recent volatility we can't say much about Q3 as yet. However, it is encouraging that the recent fall is now looking more noise than signal.

FIGURE 1. ANZ HEAVY TRAFFIC INDEX AND GDP GROWTH



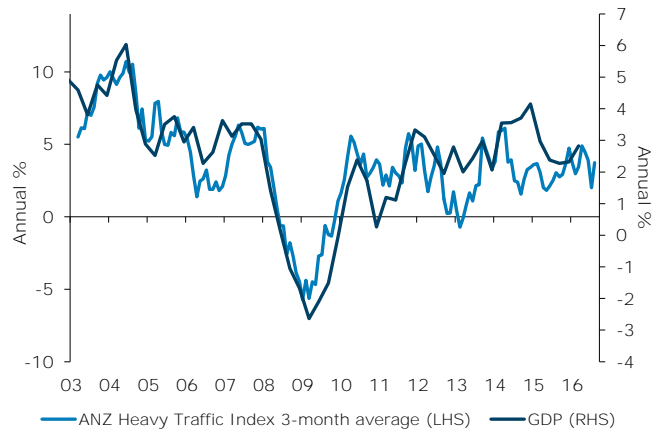
Source: ANZ, NZ Transport Agency, Statistics NZ

Annual growth in the Heavy Traffic Index (3-month average) has recovered to 3.7%, about the average of the past year (figure 2). The Heavy Traffic Index is not yet suggesting an economic acceleration is at hand.

The Light Traffic Index gives a 6-month lead on the economy and is best interpreted as a measure of momentum. It rose 1.0% in August (sa), more than recovering its July fall. The index has had a very strong upward trend in recent years, which will partly reflect strong population growth, but also broadly solid growth in services sector activity and tourism.

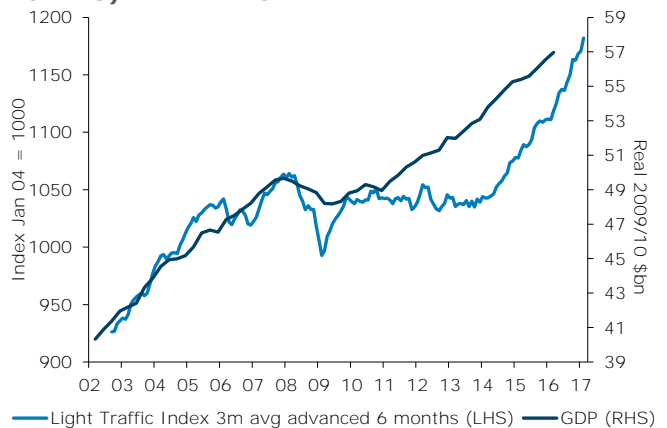
The New Zealand economy is putting in a good performance, but it is fair to say growth in recent times has become more reliant on increased borrowing and population growth. The Reserve Bank is already attempting to slow the former – despite OCR cuts working in the other direction – and the latter is increasingly a political football. But as has been the case for some time, our main concerns relate to the arguably precarious situation offshore, with unsustainable borrowing and risk-taking having raised the stakes in global financial markets. The New Zealand economy's stellar runs are typically ended by a side-swipe out of an unnoticed side road. Stay alert.

FIGURE 2. ANZ HEAVY TRAFFIC INDEX AND ANNUAL GDP GROWTH



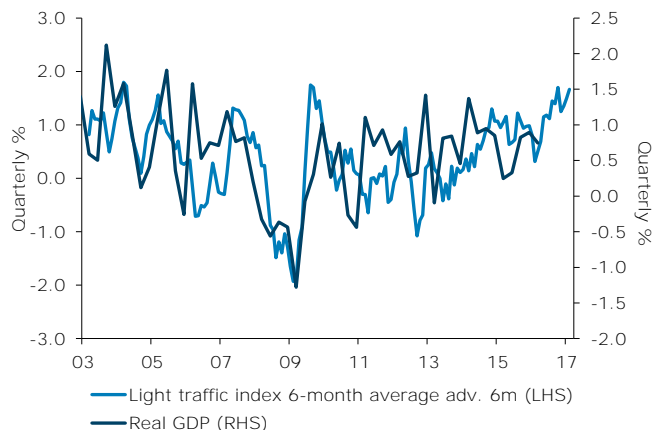
Source: ANZ, NZ Transport Agency, Statistics NZ

FIGURE 3. ANZ LIGHT TRAFFIC INDEX (ADVANCED 6 MONTHS) AND REAL GDP



Source: ANZ, NZ Transport Agency, Statistics NZ

FIGURE 4. ANZ LIGHT TRAFFIC INDEX (6-MONTH AVERAGE, ADV. 6 MONTHS) AND GDP GROWTH



Source: ANZ, NZ Transport Agency, Statistics NZ

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APPENDIX

Technical notes on how the ANZ Truckometer is produced were included in the initial release on 10 April 2012, available on the ANZ website or on request. The indexes' data history (subject to revision) is also available on request.

In August, traffic flows lifted on all 11 roads in the Heavy Traffic Index, and 8 of 10 roads in the Light Traffic Index (seasonally adjusted).

	Light Traffic Index			Heavy Traffic Index		
	Index Jan 04=1000	Monthly % chg	Monthly % chg, 3m avg	Index Jan 04=1000	Monthly % chg	Monthly % chg, 3m avg
Aug-15	1108	-0.5	0.0	1341	-1.3	0.0
Sep-15	1136	2.5	0.7	1367	1.9	0.6
Oct-15	1132	-0.4	0.6	1381	1.0	0.5
Nov-15	1135	0.3	0.8	1384	0.2	1.0
Dec-15	1145	0.9	0.3	1423	2.8	1.4
Jan-16	1129	-1.4	-0.1	1363	-4.3	-0.4
Feb-16	1157	2.4	0.6	1386	1.7	0.1
Mar-16	1165	0.8	0.6	1433	3.3	0.2
Apr-16	1169	0.3	1.2	1397	-2.5	0.8
May-16	1154	-1.3	-0.1	1362	-2.5	-0.6
Jun-16	1182	2.5	0.5	1419	4.1	-0.3
Jul-16	1176	-0.5	0.2	1343	-5.3	-1.3
Aug-16	1187	1.0	1.0	1433	6.7	1.7

FIGURE 5. ANZ HEAVY TRAFFIC INDEX: RAW VS. SA

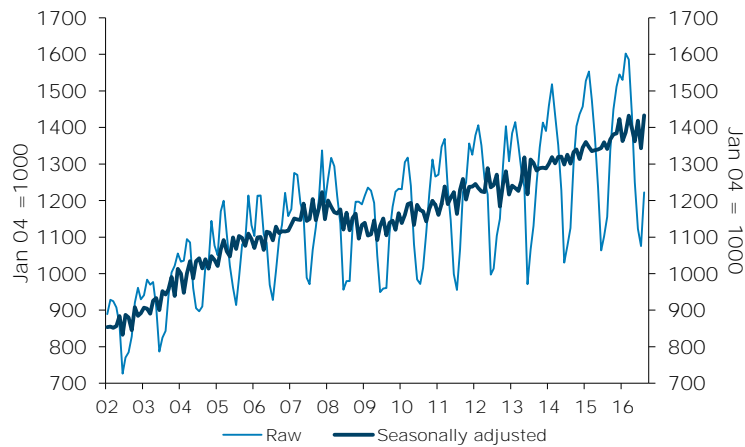
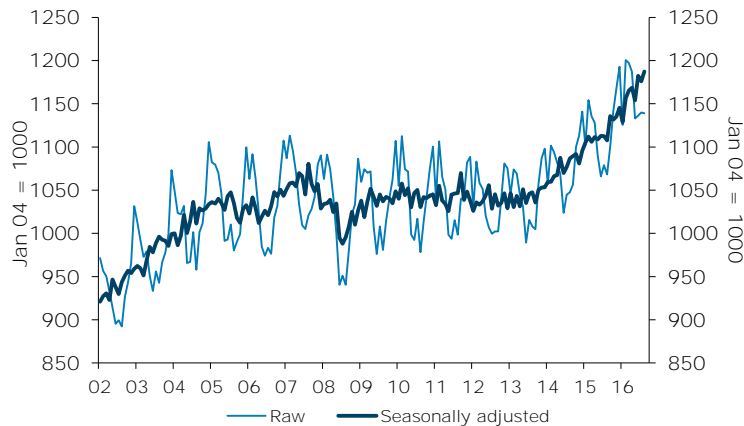


FIGURE 6. ANZ LIGHT TRAFFIC INDEX: RAW VS. SA



Source: ANZ, NZ Transport Agency

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